



**ROBERT L. COWLES**

MEMBER:  
Joint Committee on Audit  
Commerce, Utilities and Rail

**TO:** Senate Committee on Transportation

**FROM:** State Senator Robert Cowles

**DATE:** February 4, 2010

**RE:** Senate Bill 343

Good morning, Chairman Holperin and members of the committee, and thank you for allowing me to testify in support of Senate Bill 343.

Senate Bill 343 eliminates the exemption currently in state law that allows the Department of Transportation to contract for rail passenger equipment, facilities or services without using a competitive bidding or sealed bid process.

This issue came to my attention last summer when it became public that the Department of Transportation signed a \$47.5 million contract with the Spanish company Talgo to build two trains without using a competitive bidding or sealed bid process.

The no-bid contract that the administration signed with Talgo was legal due to a 1997 state law that exempts passenger rail contracts from the normal bidding rules. Senate Bill 343 will close that loophole by making passenger rail contracts subject to the same bidding requirements as other state contracts.

Taxpayers in the state are hurting right now, and we have to do everything we can to make sure their money is being spent wisely. It is fiscally irresponsible for **any** administration to be able to negotiate and sign such a large contract without using a competitive bidding process. Bringing more accountability to state contracts is a step in the right direction, and Senate Bill 343 accomplishes that goal.

According to administration officials, Talgo was the only company to show interest in the contract, which they said was one of the main reasons why a competitive bidding process was not used. After the no-bid contract was announced, three other train manufacturers came forward to say they were interested in the train contract, and disappointed that the project was not put out for bid.

It should be noted that in October of last year, DOT announced plans to purchase two more trains. Unlike the Talgo purchase, that contract was to be put out to competitive bid, because the purchase was to be made using federal dollars, and federal rules require competitive bids for these sorts of contracts. Shouldn't the people of Wisconsin receive the same protections that the rest of the country receives when their money is being spent? Once again, this shows why Senate Bill 343, which requires the DOT to use competitive bidding for purchasing trains, is so badly needed. The taxpayers of Wisconsin deserve nothing less.

Wisconsin is facing difficult economic times right now, and the last thing we need is to find out that the taxpayers might not be getting the best deal possible. Making the most efficient use of scarce taxpayer dollars has to be our number one priority right now, which is why Senate Bill 343 is common sense.

Thank you for the opportunity to testify, and once again I urge your support for Senate Bill 343.



# Jeff Mursau

STATE REPRESENTATIVE • 36<sup>TH</sup> ASSEMBLY DISTRICT

**Senate Bill 343**  
**Restoring Oversight of Rail Purchases**  
**February 4, 2010**  
**Representative Jeffery Mursau**

Chairman Holperin and committee members; I would like to present testimony in favor of Senate Bill 343.

SB 343 was introduced to restore some reasonable checks and balances to the state bidding process. Under current law, most state capital projects are let through a competitive bidding process. There is an exception for the purchase of passenger rail equipment, however.

As you know, in May of 2009 Governor Doyle signed a \$47.5 million contract with the Spanish firm Talgo. The contract was for the purchase of passenger railcars for use between Milwaukee and Chicago.

After the details of the contract became public, several other firms expressed their frustration at having been excluded from the process. They too would have liked the opportunity to provide railcars to Wisconsin.

While the Talgo cars will be assembled in Wisconsin, the primary fabrication will occur in Spain. Some of the other firms indicated that they would be willing to fabricate parts in Wisconsin and pass business on to local companies.

One such company is Wausaukee Composites located in Wausaukee in Marinette County. Wausaukee Composites has worked with other railcar builders to fabricate parts for high speed passenger railcars, including some that are in use on Amtrak's Acela service in the Northeast Corridor.

Was the Talgo contract the best deal the Wisconsin could have gotten? Maybe. Maybe not. Without a competitive bidding process, it's really hard to know. As stewards of the taxpayers' money, we owe it to them to make sure those funds are spent wisely.

I ask that you vote to pass SB 343 and restore some balance to the bidding process.

Thank you for allowing me to testify in favor of SB 343.

Timothy S. Deneen (312), Director  
Jeffrey J. Thompson (582), Assistant Director  
William A. Hauck (581), Secretary



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## Wisconsin Legislative Board

### Committee on Transportation, Tourism, Forestry, and Natural Resources

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The United Transportation Union is opposed to Senate Bill 343. As a matter of public safety, we do not feel that the competitive bidding requirement is in the best interest of the taxpayers of Wisconsin.

Recent history includes the tragic events in Chatsworth, California on the commuter operations of Metrolink. Amtrak crews had been replaced due to a lower bid. I have included some articles relating to this incident and the costs.

I have also included copies of articles relating to the airline transportation industry.

Simply put, corners are cut to reduce costs. Cuts in labor costs, training, safety equipment, and oversight are but a few.

We are concerned that this legislation could prevent WisDOT from making decisions based on overall project performance and safety.

Thank you,

T. S. Deneen  
State Director